

January 25, 1951.  
Passed on File.

**House File 216**  
By COMMITTEE ON BANKS AND BANKING.

Passed House, Date .....  
Vote: Ayes..... Nays.....  
Passed Senate, Date .....  
Vote: Ayes..... Nays.....  
Approved .....

**A BILL FOR**

An Act to amend section four hundred ninety-two point six (492.6), Code 1950, relating to payment in property other than cash for capital stock.

*Be It Enacted by the General Assembly of the State of Iowa:*

1     Section 1. That section four hundred ninety-two point  
2     six (492.6), Code 1950, relating to capital stock of  
3     corporations, be and the same is hereby amended by adding  
4     in front of the period at the end thereof the words,  
5     “, providing this section shall not apply to banks or trust  
6     companies organized under the laws of this state”.

**EXPLANATION OF H. F. 216**

Savings banks and state banks and trust companies are not only under supervision and examination by the Iowa State Banking Department, but where the banks are members of either the Federal Reserve System and/or Federal Deposit Insurance Corporation they are under the supervision and direction of those federal bank supervisory agents. All these agencies are desirous along with many of our state incorporated banks themselves to increase the banks' basic capital by stock dividends out of surplus or undivided profits and thus strengthen such banks' capital in the interest of their depositors. The provision of section 492.6 throughout the many years that it has been in the Code has never been construed as applying to banks until recently when that technical point was raised.

Subjecting our Iowa incorporated banks to section 492.6 tends to discourage them from increasing their "basic capital" out of earnings in their surplus funds as well as places our Iowa incorporated banks at a disadvantage with national banks that do not have to meet such a requirement. This bill is recommended by the both the State Banking Department and the Iowa Bankers Association.